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**For publication**

## **OJSC Concern "KALINA" publishes its audited consolidated IFRS financial results for the year 2009.**

**12 April 2010.** Today, JSC Concern "KALINA," Russia's largest perfumery and cosmetics producer, has announced its audited consolidated IFRS financial results for the year 2009.

Sales and gross profit of the Company for the year 2009 were 14,487 mln rubles and 6,569 mln rubles respectively, attributing to increase of 20.4% in sales and 10.6% in gross profit over the year 2008.

Key figures from the Company's audited consolidated financial statements for the year 2009 compared to the respective figures of the year 2008 are given below. The Company's full IFRS audited consolidated financial report is available on the Company's web-site at [www.kalina.org](http://www.kalina.org).

### **Financial Results (IFRS)**

<b>In Rubles and in Million</b>	<b>January-December 2009</b>	<b>January-December 2008</b>	<b>% Change</b>
<b>Sales</b>	<b>14,487</b>	<b>12,029</b>	<b>20.4%</b>
<b>Gross profit</b>	<b>6,569</b>	<b>5,940</b>	<b>10.6%</b>
<i>percentage of sales ( %)</i>	<i>45.4%</i>	<i>49.4%</i>	-
<b>EBITDA*</b>	<b>1,546</b>	<b>1,316</b>	<b>17.4%</b>
<i>percentage of sales ( %)</i>	<i>10.7%</i>	<i>10.9%</i>	-
<b>Operating profit</b>	<b>1,224</b>	<b>968</b>	<b>26.4%</b>
<i>percentage of sales ( %)</i>	<i>8.5%</i>	<i>8.1%</i>	-
<b>Net income</b>	<b>415</b>	<b>231</b>	<b>79.4%</b>
<i>percentage of sales ( %)</i>	<i>2.9%</i>	<i>1.9%</i>	-

\*EBITDA – earning (loss) before interests, taxes, amortization and depreciation.

Within the framework of its development strategy the Company concentrates efforts on active promotion of its branded products and makes significant investments into development of brands distribution. During the year 2009 Concern launched more than 420 novelties of branded products. In particular the Company launched new product lines under “Black Pearl” and “Dr. Scheller” brand-names. As a result the Company's sales within the year 2009 increased by more than 20.0% compared to the year 2008. High share of branded products in the Company's sales resulted in growth of the operating profit by 26.4% and consequently provided an opportunity for holding of the operating margin and even slight increase of the above mentioned indicator up to 8.5% during the year 2009. At the same time the Company's gross margin decreased during the year 2009 to 45.4% compared to 49.4% in the year 2008. The gross margin decline was a result of:

- 1) switch to full outsourcing of manufacturing of Dr. Scheller Cosmetics AG products and sale of raw materials stock with 0% margin, and

- 2) discontinuance of color cosmetics under the Russian brands “Black Pearl” and “MIA” and further sale of stocks with lowered margin in the fourth quarter of the year 2009.

During the year 2009 the Company successfully implemented SAP R/3 ERP-system and starting from 1 August 2009 all key business processes of the Company (sales, logistics, manufacturing and finance) are supported by the system.

During the third quarter of the year 2009 the Company enlarged its stake within Dr. Scheller Cosmetics AG equity up to the level of 97.01%. Getting over the threshold of 95.0% prescribed by the legislation of Germany allowed the Company to carry the procedure of squeeze-out by buying out the shares from the rest of the stockholders. The squeeze-out was successfully completed in February 2010 and as a result the Company consolidated 100% stake in Dr.Scheller Cosmetics AG. The Company considers taking the unrestricted control over the German company to result in optimization of resources distribution and advanced risk management procedures under the Group of Companies framework.

During the fourth quarter of the year 2009 and in the beginning of the year 2010 the Company attracted middle-term loans from Raiffeisenbank Austria and ING Bank for a total amount of more than 1.5 bln rubles. As a result a share of short-term debt decreased to approximately 40% of the total financial debt of the Company.

**About the company.** JSC Concern “Kalina“ is one of the leading Russian perfumery and cosmetics producers. The leading brands of the company are “Black Pearl”, “Clean Line”, “100 recipes of beauty”, “Silky Hands”, “Manhattan Clearface” and “Dr. Scheller” - among skin-care products; “32” and “Forest Balsam”- among oral care products; “Manhattan” - among colour cosmetics.

Concern “Kalina” consists of its parent enterprise in Ekaterinburg, the German cosmetics manufacturer Dr. Scheller Cosmetics AG and several subsidiaries, including "Pallada Ukraine" (Ukraine), “Glavskazka International” (Russia), “Dr. Scheller Beauty Center” (Russia), Kalina Overseas Holding B. V. (Netherlands) and Kalina International SA (Switzerland).

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of JSC Concern “Kalina” (the “Company”), as defined in the “safe harbour” provisions of the legal proceeding act dealing with circulation of securities of private issuers . We wish to caution you that these statements do not guaranteed the achieving of the stated results in the Company’s activities or occurring of any projected event connected with the Company’s activity and bears some risks ,unpredictability and assumptions that the Company can not foreseen accurately. Therefore, actual events or results of its activity may differ materially from those stated in the projections or other forward-looking statements. In order to obtain more accurate information we refer you to the documents the Company files from time to time with the Federal Service for the Financial Markets. Certain of these documents contain and identify important factors that could cause the actual results to differ materially from those contained in our projections or forward-looking statements.